

# NEW JERSEY DIVISION OF TAXATION

## TECHNICAL BULLETIN

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**TB-53**

**ISSUED: 5-6-04**

**TAX: SALES AND USE TAX**

**TOPIC: DIPLOMAT/CONSULAR SALES TAX EXEMPTIONS**

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The State of New Jersey is required by Federal law to recognize certain immunities from taxation granted to foreign diplomatic and consular personnel residing in this country. Such immunities may extend to the exemption from payment of New Jersey sales and use tax on otherwise taxable purchases by qualified foreign diplomatic and consular personnel. The U.S. Department of State, Office of Foreign Missions (OFM), issues qualified foreign diplomatic and consular personnel sales tax exemption cards. The plastic cards, which are the size of credit cards and have a hologram, are valid nationwide and in the Commonwealth of Puerto Rico. For identification purposes, the individual's name, photograph, mission employed by, expiration date, and protocol identification number are provided on the card. There are two types of tax exemption cards: personal and official/mission. Each card will have one of two different levels of sales and use tax exemption.

*Personal sales tax exemption cards* are issued for the sole benefit of the individual identified on the card. For a transaction to be eligible for exemption from taxes, the card bearer must initiate the transaction, tender payment, and take possession of the purchase. An individual may not "loan" the card to a family member or friend.

*Mission tax exemption cards* are issued to embassies, consulates, and international organizations for official purchases only and for the sole benefit of the mission identified on the face of the card. All purchases must be in the name of the mission and paid for by mission check or credit card (not cash or personal check). Personal purchases are prohibited.

The U.S. Department of State has recently made a minor change to the appearance of personal and mission tax exemption cards. Both mission and personal tax exemption cards will have a blue or yellow stripe at the bottom of the card. A *blue stripe* continues to exhibit that the bearer is eligible for full tax exemption on personal or official mission purchases. A *yellow stripe* will signify that there is some type of

restriction which is identified on the face of the card, which could be a minimum purchase requirement, an excluded category of purchase (e.g., hotels or restaurants), or both. Note that the exemption cards previously issued by the Department of State, which exhibited a green stripe, a red stripe, or a red/green stripe, are no longer valid and should not be accepted by vendors.

### **Vendor Requirements**

Vendors making sales to foreign diplomatic or consular personnel should treat such sales as tax exempt provided they:

- Require presentation of the U.S. Department of State Tax Exemption Card
- Properly record the transaction. If the nature of the transaction precludes the creation of a written document, the vendor must prepare a written memo of the transaction containing:
  - customer's name;
  - the tax exemption number on the front of the identification card;
  - the card expiration date;
  - the color of the stripe (blue or yellow) on the card;
  - the amount of the transaction claimed to be tax exempt; and
  - the transaction date.
- If the transaction involves the creation of a written document (invoice, bill of sale, etc.) the vendor must notate on his file copy the following:
  - the tax exemption number on the front of the identification card;
  - the card expiration date;
  - the color of the stripe (blue or yellow) on the card; and
  - the amount of the transaction claimed to be tax exempt.

Failure to obtain and retain the above information for at least four years may cause the nontaxable status of the transaction to be rescinded.

Vendors making taxable sales to foreign diplomats or consular personnel are required to collect tax if:

- the tax exemption card has expired;
- the amount of purchase is less than the minimum level of exemption shown on the purchaser's yellow striped card;
- the purchaser identified on the card is not the payer of record. A representative who is authorized to make purchases for a mission cannot use the mission tax exemption card to make personal purchases. A vendor cannot accept a personal check of the representative as proof of an exempt sale to a mission; or
- a tax exemption card is being used by someone other than the identified individual. Please note that tax exemption cards are not transferable. Spouses may not use each other's cards (eligible spouses are issued separate cards). The photo on the exemption card must be that of the purchaser.

Questions about the eligibility of diplomatic or consular personnel for sales tax exemption should be directed to:

Office of Foreign Missions, U.S. Department of State,  
3507 International Place NW  
Washington, DC 20522-3302  
Telephone (202) 895-3563

OFM's New York Regional Office may be reached at (212) 826-4500.

Vendors may also check the status of exemption cards by accessing OFM's website located at <http://www.state.gov/ofm>. Follow the links provided "For Hotels and Vendors."

Questions pertaining to New Jersey sales and use tax should be directed to:

New Jersey Division of Taxation  
Regulatory Services Branch  
P.O. Box 269  
Trenton, New Jersey 08695-0269  
Telephone (609) 292-5996  
<http://www.state.nj.us/treasury/taxation>

### **Sales of Motor Vehicles to Foreign Diplomats and Consular Personnel**

As of May 30, 2003, OFM has revised the procedures for allowing a diplomatic tax exemption for the purchase or lease of motor vehicles in the United States by all diplomatic missions and diplomats. Such vehicles registered with the U.S. Department of State are generally not subject to sales tax. **Before the transaction is completed and the tax exemption allowed, each purchase of a vehicle must be approved or denied for tax exemption by OFM.** To confirm the buyer's tax-exempt status, the dealership should contact OFM to receive a letter of confirmation. The request may be by phone to the number(s) below. Such requests should include the individual's name, mission affiliation, and date of birth to ensure proper identification. In instances where the diplomatic mission or agent is denied tax exemption, the vendor should collect any tax that is normally imposed at the time of purchase.

The OFM has provided the following procedures to vendors when authorizing a diplomatic tax exemption on the purchase of a vehicle:

- The purchaser should present a mission tax exemption card, a personal tax exemption card, or a protocol identification card to the seller of the automobile. This proves to the seller that the purchaser is indeed a diplomatic agent or is authorized to make official purchases on behalf of a diplomatic mission. The seller is required to retain a copy of this card.

- Members of the United Nations (UN), Organization of American States (OAS), World Bank (WB), and the International Monetary Fund (IMF) requesting a diplomatic tax exemption on the purchase or lease of a vehicle must present their personal tax exemption card. This is the only documentation of exemption that may be accepted to authorize a diplomatic tax exemption for members of these organizations.
- When a diplomatic mission or a diplomatic agent plans to purchase or lease a vehicle, the dealership must contact OFM for a determination of the tax exempt status of the purchaser. Dealers located in New Jersey should contact OFM at **(202) 895-3563** or OFM's New York Regional Office at **(212) 826-4500** for such determination.
- OFM will determine the tax-exempt status of the purchaser and provide a letter to the selling dealership. This letter will state whether or not the purchaser is eligible for exemption from any sales and use tax imposed at the point of purchase/lease. If OFM determines that the purchaser is not entitled to an exemption from sales and use tax, then the diplomatic mission/foreign diplomat is required to pay such tax to the dealership.

Existing vehicle registration procedures will not change as a result of this new policy. The dealership should retain the letter of authorization for vehicle tax exemption from OFM and a copy of the foreign diplomat's identification card for at least four years.

*Issued by:*

***Regulatory Services***

***Technical Services Activity***

***NJ Division of Taxation***